



GAIL FARBER, Director

COUNTY OF LOS ANGELES

DEPARTMENT OF PUBLIC WORKS

"To Enrich Lives Through Effective and Caring Service"

900 SOUTH FREMONT AVENUE
ALHAMBRA, CALIFORNIA 91803-1331
Telephone: (626) 458-5100
<http://dpw.lacounty.gov>

ADDRESS ALL CORRESPONDENCE TO:
P.O. BOX 1460
ALHAMBRA, CALIFORNIA 91802-1460

IN REPLY PLEASE
REFER TO FILE:

B-0
A3734-2

December 21, 2011

TO: Each Supervisor

FROM: Gail Farber *Gail Farber*
Director of Public Works

BOARD MOTION OF SEPTEMBER 27, 2011, AGENDA ITEM 15 - INTERIM REPORT THE FEASIBILITY OF IMPLEMENTING A PROACTIVE TRACKING SYSTEM FOR DEFAULTED OR FORECLOSED PROPERTIES IN THE UNINCORPORATED COUNTY

On September 27, 2011, your Board directed the Department of Public Works, in conjunction with appropriate departments including Regional Planning, Public Health, Registrar-Recorder/County Clerk, County Counsel, and the Chief Executive Office, to report back on the feasibility of implementing a proactive tracking system for defaulted or foreclosed properties in the unincorporated County. We are working with County Counsel and the other departments, including the Department of Consumer Affairs and the Assessor to complete the report. We are incorporating the comments received and will finalize our report by January 23, 2012.

If you have any questions or require additional information, please contact me or your staff may contact Dennis Hunter at (626) 458-4006 or dhunter@dpw.lacounty.gov.

RP:ll

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cc: Assessor
Chief Executive Office
Department of Consumer Affairs
County Counsel
Department of Public Health
Department of Regional Planning
Department of Registrar-Recorder/County Clerk



GAIL FARBER, Director

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November 23, 2011

TO: Each Supervisor

FROM: Gail Farber *Gail Farber*
Director of Public Works

BOARD MOTION OF SEPTEMBER 27, 2011, AGENDA ITEM 15 - INTERIM REPORT THE FEASIBILITY OF IMPLEMENTING A PROACTIVE TRACKING SYSTEM FOR DEFAULTED OR FORECLOSED PROPERTIES IN THE UNINCORPORATED COUNTY

On September 27, 2011, your Board directed the Department of Public Works, in conjunction with appropriate departments including Regional Planning, Public Health, Registrar-Recorder/County Clerk, County Counsel, and the Chief Executive Office, to report back on the feasibility of implementing a proactive tracking system for defaulted or foreclosed properties in the unincorporated County. In conjunction with County Counsel and the other departments, including the Department of Consumer Affairs and the Assessor, the following interim report has been prepared to update you on the efforts to address your Board's directive. A final report will be submitted to your Board by December 23, 2011.

State law requires lenders to record Notice of Default documents with the County Registrar-Recorder's office. The Registrar-Recorder reports that while the County has these records, there is currently no automated system to provide this information to other County departments. Further, as Notice of Default documents do not have a specific property identifier, such as address or assessor's parcel identification number, extracting such data would be a lengthy, labor-intensive manual process. Research indicates there are a number of vendors that can provide an automated subscription service to identify properties in the unincorporated County that are in the preforeclosure or foreclosure process. The fees for such services range from approximately \$50 to \$360 annually.

The ability of County staff to use such data to proactively manage the maintenance of foreclosed properties is limited. Although there is no official estimate of properties in the unincorporated County currently in the foreclosure process, Internet sites claim that as of October 11, 2011, there are approximately 44,000 properties in the County of Los Angeles that are either in default, bank owned, or planned for auction. It is not unusual for homes that are in the foreclosure process to sit vacant and unkempt for a length of time. Foreclosures complicate the issue of property maintenance because the homeowner may not have the means or incentive to maintain the property and the lender does not yet hold the title. These properties can potentially discourage buyers of adjacent maintained homes, devalue neighboring properties, and decrease the quality of life for the surrounding community. Unfortunately, a physical inspection is the only way to determine which of these properties are not being maintained. Historically, the County's approach to substandard properties has been to concentrate on prompt response to community complaints in lieu of proactive identification of such properties. This has proven an efficient allocation of resources and staff response has been within 24 hours depending on the seriousness of the complaint.

California is a nonjudicial foreclosure state, so there is no need for a court action to initiate a foreclosure. The foreclosure process begins with the lender recording a Notice of Default (NOD), which is public notification that the property owner has missed one or more monthly mortgage payments. The NOD can be recorded no less than 30 days after owner notification. The owner then has 90 days to cure the default through repayment or modification of the terms of the loan. If the default is not cured, the lender will then record a Notice of Trustee Sale. The Trustee Sale is a public auction and cannot occur any less than 20 days after the public notice. The minimum timeline to complete a foreclosure is 120 days; however, it can often take longer to conclude the default process.

Some properties that are abandoned in conjunction with a default or foreclosure proceeding may remain vacant for an extended period of time before and/or after the Trustee Sale. Property is considered abandoned when the owner has voluntarily relinquished or disclaimed ownership. Some of these vacant properties are not maintained to minimum required standards and are in violation of County Codes.

County personnel have limited resources to proactively inspect and monitor all vacant defaulted or foreclosed properties throughout the County. Our current process is to immediately respond to any complaint regarding the substandard maintenance of such properties. Staff will investigate the complaint and attempt to gain corrective action through the party responsible for maintaining the property. The process of gaining compliance is dependent on the condition of the property upon inspection.

When a building is vacant and unsecured, an attempt is made to identify and contact the property owner or a responsible party to secure the building immediately. If contact is made, the property owners are given 24 hours to secure the property. Should the owner fail to comply with the 24-hour deadline and the building is determined an immediate hazard, the County will take abatement action to secure the structure. The property will be monitored by County staff and the cost of the board-up will be billed to the property owner.

When a vacant property is identified as unsightly due to lack of maintenance, County staff will post a notice at the property identifying those conditions requiring attention. We will then conduct a title search to identify the party responsible for control of the property and notify the party of their obligation to bring the premises into compliance with County Codes. This enforcement procedure follows due process and may take up to two months to gain compliance. If the property owners are unresponsive, the County will perform the clean-up and bill the owner for the work.

Some local jurisdictions have instituted registry programs for properties going through the default process. These programs require lenders to perform a predefault inspection of the property and to register the property with the jurisdiction. Thereafter, the lender must perform periodic inspections to confirm the property is occupied and that maintenance is ongoing. Some jurisdictions require the lender to identify a local management company responsible to perform property maintenance.

For example, the City of El Monte approved a Foreclosed Property Urgency Ordinance in 2008 that was to sunset in 2010. The City then approved a Revised Foreclosed Property Ordinance in 2010 that extends the program until 2012. The ordinance requires that within 10 days of recording an NOD and every 30 days thereafter, lenders are required to inspect properties to verify occupancy. If a property is observed to be vacant, then the lender must register with the City and pay a \$198 fee and a \$200 deposit, maintain the property to local standards, hire a local company to conduct weekly inspections, and post a 24-hour phone number for property maintenance and security concerns. There is also a fine for failure to timely register a property (from \$250 to \$1,000). Subsequent annual registrations are required for as long as the property remains vacant and unsold. The City of El Monte reports approximately 500 property registrations.

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The City of Los Angeles adopted a Foreclosure Registry Program in 2010. Lenders must register with the City and pay an annual fee of \$155 within 30 days of the recordation of an NOD. The registration must include the name of a local company responsible for the maintenance and security of the property. The City charges a fine for failure to timely register a property (\$250 a day) and can choose to enforce these requirements through administrative citations and criminal prosecution. This program is managed by dedicated staff at the City of Los Angeles Housing Department.

To date, we have shared our initial findings with the involved departments as directed. We are currently in the process of concluding our research, communicating and sharing information with the departments, and collecting input. We expect to schedule a meeting during the first week of December with key staff from the departments. We will submit our final report to your Board by December 23, 2011.

In the meantime, if you have any questions or require additional information, please contact me or your staff may contact Dennis Hunter at (626) 458-4006 or dhunter@dpw.lacounty.gov.

RP:ll

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cc: Assessor
Chief Executive Office
Department of Consumer Affairs
County Counsel
Department of Public Health
Department of Regional Planning
Department of Registrar-Recorder/County Clerk

A3734
B&S



**STATEMENT OF PROCEEDINGS FOR THE
REGULAR MEETING OF THE BOARD OF SUPERVISORS
OF THE COUNTY OF LOS ANGELES HELD IN ROOM 381B
OF THE KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, LOS ANGELES, CALIFORNIA 90012**

Tuesday, September 27, 2011

9:30 AM

15. Recommendation as submitted by Supervisor Knabe: Direct the Director of Public Works to work with the appropriate County departments including: Regional Planning, Public Health, Registrar-Recorder/County Clerk, County Counsel and the Chief Executive Office to research the feasibility of implementing a proactive tracking system for defaulted/foreclosed properties in the unincorporated County and report back to the Board within 60 days. (11-4227)

On motion of Supervisor Knabe, seconded by Supervisor Antonovich, this item was approved.

Ayes: 5 - Supervisor Molina, Supervisor Ridley-Thomas, Supervisor Yaroslavsky, Supervisor Knabe and Supervisor Antonovich

Attachments: Motion by Supervisor Knabe
Report
Video
Audio

The foregoing is a fair statement of the proceedings of the regular meeting held September 27, 2011, by the Board of Supervisors of the County of Los Angeles and ex officio the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.

Sachi A. Hamai, Executive Officer
Executive Officer-Clerk
of the Board of Supervisors

By _____

The US subprime mortgage crisis and subsequent recession led to millions of Americans losing their homes through foreclosure. Since 2008, foreclosures across Los Angeles County have risen dramatically. We all hope that this trend will end as economic recovery occurs, but the lack of management of these properties and the subsequent negative impacts of them have become a real issue for this County.

In the Los Angeles County, the way we manage a foreclosed/abandoned home is strictly reactive. Our offices get complaints from nearby residents on problems that have gone unattended for months, and this is often after considerable frustration and aggravation for a lack of a proactive approach to this problem.

It is the responsibility of owners, which are often banks, to manage these properties, but this maintenance often does not take place. Blighted and unkempt homes can lower property values, lead to increased crime, and decrease the quality of life for the surrounding neighbors. Owners/banks are required by law to maintain these properties, and we should hold them accountable to do so.

- M O R E -

MOTION

MOLINA	_____
RIDLEY-THOMAS	_____
YAROSLAVSKY	_____
KNABE	_____
ANTONOVICH	_____

Many jurisdictions have begun creating registries that can track these homes early on in the foreclosure process. By tracking these homes proactively, we can better assure that they are being appropriately maintained.

I, THEREFORE, MOVE that the Board of Supervisors direct the Department of Public Works to work with the appropriate County departments, including: Regional Planning, Public Health, Registrar-Recorder/County Clerk, County Counsel and the Chief Executive Office to research the feasibility of implementing a proactive tracking system for defaulted/ foreclosed properties in the unincorporated County and report back to the Board in 60 days.

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AN:eg